

# ATTACHMENT K



MOTOR FUEL STATION LEASE

204-1944-0126

THIS IS A LEASE dated March 16, 1987, between SHELL OIL COMPANY, 511 North Brookhurst Street, Anaheim, CA 92803 ("Shell") and CHARLES ABRAMS, 10110 Rossbury Place, Los Angeles, CA 90034 ("Lessee").

THIS LEASE includes Exhibit A. The provisions of Exhibit A shall control to the extent of any conflict between such provisions and the body of this Lease.

1. DEFINITIONS. As used in this Lease, whether in the singular or plural:

(a) alteration shall mean any addition or change to, or modification, removal or replacement of, any building, improvement or equipment on the Premises;

(b) business entity shall mean any legal entity which is not a natural person, including, without limitation, a partnership, corporation, trust, estate or association;

(c) expiration shall mean the coming to an end of the term specified in article 3, or any extension thereof provided in article 14 or otherwise agreed to in writing by Shell and Lessee;

(d) law shall mean any applicable statute, constitution, ordinance, regulation, rule, administrative order or other requirement of any Federal, state or local government agency or authority, which, unless otherwise specified herein, is in effect either at the time of the execution of this Lease or any other time during the term;

(e) maintenance shall mean, unless the context otherwise indicates, maintenance, repairs, replacement, inspection, repainting and cleaning;

(f) nonrenewal shall mean a failure by Shell to continue or extend this Lease at the conclusion of the term specified in article 3, or of any extension thereof provided in article 14 or otherwise agreed to in writing by Shell and Lessee;

(g) Premises shall mean collectively: the land owned or leased by Shell at the location identified in article 2, to the extent occupied for use as a motor fuel dispensing station, on the date of this Lease, or to be so occupied upon completion of such station which is proposed or under construction on the date of this Lease, and the buildings, improvements and equipment now or hereafter comprising the station on the land; and

(h) termination shall mean the ending of the term for any reason before expiration, as defined herein.

2. LEASE. Shell hereby leases to Lessee, and Lessee hereby leases from Shell, the Premises located at 3801 Sepulveda @ Venice, Culver City, CA 90230. Subject to article 6.2, Lessee acknowledges that the Premises are in good and safe condition and repair. Shell shall have the right from time to time, without liability to Lessee, to make alterations of the Premises, but any such alteration shall not unreasonably interfere with or restrict the use for which the Premises are herein leased.

3. TERM. This Lease shall be in effect for the term beginning on August 1, 1987, and ending on July 31, 1990, unless extended pursuant to article 14 or otherwise by written agreement, but may be terminated by Lessee at any time by giving Shell at least 90 days' notice, or may be terminated by Shell as provided in the succeeding articles hereof.

4. RENT. Lessee shall pay Shell, as rent for each calendar month, without deduction, set off, notice or demand, the sum specified in the following schedule, in advance not later than the first day of such month:

<u>Period</u>		<u>Monthly Rent</u>
From August 1, 1987	through July 31, 1988	\$ 3,500.00
From August 1, 1988	through July 31, 1989	\$ 3,900.00
From August 1, 1989	through July 31, 1990	\$ 4,300.00

00076

Rent for any period less than a calendar month shall be prorated. The rent for each month shall be delivered to Shell at its address specified for notices hereunder or mailed to Shell in sufficient time to be received by the rental due date at such address as may be provided by Shell to Lessee in writing from time to time. In addition to the rent specified above, Lessee shall pay or reimburse Shell for, in accordance with law, all taxes which may be imposed on the rental of any real or tangible personal property included under this Lease.

## 5. USE.

5.1 General. The Premises shall be used for operation of the motor fuel dispensing station existing on the date of this Lease, or existing upon completion of any such station proposed or under construction on the date of this Lease, including the retail sale of petroleum products and carry-out automotive accessories, but excluding any automotive repairs or services except such incidental services as are normally provided to vehicles receiving motor fuel while at the motor fuel dispensing driveway area (such as checking oil and coolant levels and cleaning windshields). Except with the prior written consent of Shell, which may be withheld consistent with applicable law, Lessee may not use Shell's underground tanks, associated product lines or motor fuel dispensing equipment in the sale or dispensing of non-Shell motor fuel. Lessee's installation and use of any additional tanks and associated equipment for the purpose of selling non-Shell motor fuel shall be subject to article 5.5 and all other applicable provisions of this Lease and any related agreements between Shell and Lessee.

5.2 Lessee's Efforts. Lessee shall devote Lessee's best efforts to preserve the value of the Premises for the foregoing authorized use by serving effectively the public's and consumer's needs, and, to assure that end, shall keep the station open for operation and fully illuminated 24 hours each day. Such hours of operation shall be subject to adjustment if and as required by law.

5.3 Use Prevented by Law. Either Shell or Lessee, at their respective options, may terminate this Lease on giving the other notice (or advance notice if and as required by law) if at any time any law shall operate or be enforced so as to prevent the continued use or occupancy of the Premises (either directly or by requiring specified alterations at a cost which is disproportionate to the value of the Premises for such continued use or occupancy) for the purposes for which such Premises were being used immediately prior to the effectiveness of such law or its enforcement, as the case may be.

5.4 Business Charges - Lawful Operations. Lessee shall satisfy all regulatory requirements and timely pay all charges incident to Lessee's use of the Premises and the business conducted thereon, including all Federal, state and local taxes and assessments (except ad valorem taxes on Shell's property), and license, permit, occupation and inspection taxes and fees, all water, sewer, waste disposal, gas, electricity, telephone and other utility charges (all meters and accounts for which shall be in Lessee's name unless Shell, in its discretion, directs otherwise), and all taxes on Lessee's property on the Premises; and if Lessee fails so to do, Shell may (but shall not be obligated to) pay the same and charge them to Lessee. Lessee shall not maintain or permit any animal or condition on the Premises which threatens the health, safety or well-being of customers. Lessee shall comply with all laws, licenses and permits relating to the Premises, or any use thereof or to any act or activity on the Premises including, without limitation, any such laws, licenses or permits pertaining to environmental protection; and if Lessee fails timely to perform any obligation imposed on Lessee by any such laws, licenses or permits, Shell may (but shall not be obligated to) perform the same and charge the cost thereof to Lessee. Lessee shall not commit or permit any fraudulent or illegal act or activity or any consumption of intoxicating beverages or use of illegal drugs on the Premises.

5.5 Lessee Alterations. Lessee shall not make any alterations of the Premises, including removal or disablement of leak detectors or other environmental control device, without Shell's prior written consent, which consent shall not be unreasonably withheld. Any such alteration to which Shell may give its consent shall be made in accordance with plans and specifications and by a contractor approved by Shell, which approval shall not be unreasonably withheld. Except as otherwise agreed in writing by Shell, any alteration made by Lessee shall, at Shell's election, become a part of the Premises and the property of Shell. If Lessee should desire to alter any area of a motor fuel dispensing station for the purpose of operating the Premises other than as a motor fuel dispensing station, Lessee shall give Shell notice of its proposal to so alter the Premises at least 120 days prior to the effective date of the alteration. Shell shall not unreasonably withhold its consent to any such alteration, but may, as conditions for such consent, increase Lessee's rent hereunder to compensate Shell for the fair rental value of the altered Premises and require Lessee to restore the Premises to their condition existing prior to the proposed alteration upon the termination or expiration of this Lease. The terms of any such alteration shall be expressed in a written amendment of this Lease.

## 6. MAINTENANCE.

6.1 General. Subject to the following provisions of this article 6, Lessee shall at all times maintain the Premises (including adjacent sidewalks and driveways, easements and all landscaped areas) and Lessee's own property and equipment thereon in good condition and repair, and keep the same (including the rest rooms) neat, clean and orderly. To those ends and always promptly as needed, Lessee shall perform the maintenance to Shell's property (or any of Lessee's property) which is specified in

Exhibit A hereto, including any such maintenance as may be required by law unless Shell is expressly required by the same or other law to bear the cost thereof; and if and whenever Lessee fails so to do, Shell may perform the same. Shell shall perform all other maintenance to Shell's property which Shell deems necessary or desirable, provided that Lessee gives Shell prompt notice of each such maintenance which Lessee deems necessary. As to any maintenance specified in Exhibit A which Lessee fails to perform, or as to any such other maintenance concerning which Lessee fails to give Shell the above-required notice, or which is necessitated, either partly or solely, by any negligent or otherwise wrongful act or omission of Lessee or Lessee's employees: Shell may charge to Lessee its actual cost of performing such maintenance, or, in lieu of performing the same, may charge to Lessee what would have been the reasonable cost thereof. If the Premises are made substantially unfit for the intended use hereunder by any cause, either Shell or Lessee may terminate this Lease by giving the other notice (or advance notice if and as required by law) within 60 days after such unfitness commences. Shell may enter the Premises at any time for the purposes of inspecting the same (including the pump meters), gauging and testing tanks, performing maintenance and making alterations. Lessee shall not be released of any obligation for maintenance by the termination or expiration of this Lease.

6.2 Initial Maintenance. Within 10 days after the beginning date of the term of this Lease, Lessee may provide Shell a written statement of any maintenance for which Shell or any previous lessee (other than Lessee herein or any third party through whom Lessee claims an interest hereunder) may be responsible, and the preceding provisions of this article 6 shall apply to such maintenance. Lessee shall be responsible for any maintenance required on such beginning date regarding which Lessee fails to give Shell notice as above provided, and Shell shall be released of all responsibility therefor.

6.3 Dealer Inventory Control. To assure early detection of any tank leak, Lessee shall maintain methodical daily inventory control, including daily reconciliation of physical inventory readings with sales records and delivery receipts, in accordance with Shell's recommendations. Lessee shall give Shell immediate telephone notification (promptly confirmed by written notice) of any suspected product loss, of any claim or threatened claim by a third party related to a product loss or alleged loss, or of any newly discovered material fact relating to any matter previously reported pursuant hereto. Without limitation of the foregoing, Lessee shall provide such notification to Shell of any inventory discrepancies for a single product (losses or gains) in excess of (a) 300 gallons for a single day, (b) 150 gallons per day for three consecutive days (all losses or all gains) or (c) one-half of one percent (1/2 of 1%) of sales for any 30-day period. At Shell's request, Lessee shall periodically provide Shell with a written certification that Lessee has complied with the foregoing provisions of this article 6.3. Lessee shall retain for a period of at least one year and make available to Shell for inspection and audit, at all reasonable times, Lessee's records and procedures maintained pursuant to this article 6.3.

7. INDEMNITY - REPORTS. Lessee shall defend, indemnify and hold harmless Shell, its directors, employees and agents, to the fullest extent permitted by law, against all claims, suits, liabilities, judgments, losses and expenses (including, without limitation, attorneys' fees and costs of litigation, whether incurred for Shell's primary defense or for Shell's enforcement of its indemnification rights hereunder) arising out of any bodily/personal injury, disease or death of any persons or damage to or loss of any property (except Shell property to the extent Shell has responsibility therefor under Article 6), or for liens on the Premises, caused by or happening in connection with the Premises (including adjacent sidewalks and driveways) or the condition, maintenance, possession or use thereof or the operations thereon, even though caused concurrently by the negligence or fault of a party indemnified; but excepting any such injury, disease, death, damage or loss caused by (a) the sole negligence or fault of a party otherwise indemnified or (b) defects in Shell products not caused or contributed to by any negligence or fault of Lessee or Lessee's employees, agents or contractors. Within 24 hours after every occurrence of any such injury, disease, death, damage or loss, or the imposition of any such lien, Lessee shall report the same to Shell by telephone and shall promptly thereafter confirm the same by notice, including all circumstances thereof known to Lessee or Lessee's employees. Shell shall have the right, but not the duty, to participate in the defense and settlement of any such claim or litigation with attorneys of Shell's selection without relieving Lessee of any obligations hereunder. Lessee shall cooperate with Shell in Shell's investigation and defense of any claim or suit. Lessee's obligations hereunder shall survive any termination of this Lease.

8. INSURANCE. Without in any way limiting any of Lessee's obligations or liabilities under Article 7 of this Lease or otherwise, Lessee shall maintain at all times, at Lessee's expense, insurance satisfactory to Shell of the minimum types and limits as follows:

(a) Workers' compensation insurance, complying with any applicable state law, and employers' liability insurance with limit of \$100,000 each occurrence.

(b) Comprehensive general liability or garage liability insurance (including, without limitation, coverage for operation of vehicles owned, non-owned or hired and loss of or damage to vehicles of others in Lessee's care, custody or control; products/completed operations; and contractual obligations assumed in article 7 hereof), with limits for bodily/personal injury and property damage combined of \$500,000 each accident or, alternatively, \$250,000 each person -- \$500,000 each

accident for bodily/personal injury and \$100,000 each accident for property damage. If and while Lessee sells or dispenses alcoholic beverages, such insurance shall provide for a combined single limit for bodily/personal injury and property damage of \$1,000,000 each occurrence, and shall include coverage for liability arising out of such activity.

(c) Fire and explosion legal liability insurance on the leased building and any other property on the Premises leased or loaned by Shell to Lessee (whether under this Lease or otherwise), in the amount of the full insurable value of such property, but not less than \$200,000.

Any insurance maintained by Lessee pursuant to this Lease shall be regarded as primary insurance underlying any other applicable insurance. Lessee shall, prior to the beginning of the term of this Lease and when requested by Shell thereafter, provide Shell with evidence satisfactory to Shell showing that such insurance is in effect and will not be cancelled or materially changed without at least 30 days' prior written notice to Shell. Lessee shall further provide Shell with at least 30 days' prior written notice if any such insurance shall expire for any reason without being replaced with equivalent coverage.

## 9. ASSIGNMENT - SUBLEASING - ENCUMBRANCE.

9.1 General. This Lease is personal to Lessee. Except as otherwise provided in this article 9 or by law, Lessee shall not assign or encumber Lessee's interest in this Lease or in the Premises, or sublease all or any part of the Premises, or permit any other arrangement having similar effect of such an assignment or sublease, or permit any other person to occupy or use all or any part of the Premises, either voluntarily, involuntarily or by operation of law, without Shell's prior written consent, which consent shall not be unreasonably withheld. No consent to any assignment, sublease or encumbrance shall constitute a further waiver of the provisions of this article.

9.2 Particular Acts. Without limitation, each of the following acts shall be considered an assignment subject to article 9.1:

(a) The transfer of this Lease upon death of Lessee, whether by will or operation of law.

(b) Lessee becomes bankrupt or insolvent, makes an assignment for the benefit of creditors, or institutes a proceeding under the Bankruptcy Act; or, if Lessee is a partnership or is composed of more than one person or business entity, if any partner of the partnership or any such person or business entity is or becomes bankrupt or insolvent, or makes an assignment for the benefit of creditors or institutes a proceeding under the Bankruptcy Act; provided that, in any of the foregoing cases, Lessee or other affected party shall have 60 days in which to have an involuntary proceeding dismissed.

(c) A writ of attachment or execution is levied on this Lease and not removed by Lessee within 10 days.

(d) In any proceeding or action to which Lessee is a party, a receiver is appointed with authority to take possession of the Premises and such receiver is not removed within 60 days.

(e) If Lessee is a partnership, a withdrawal or change (voluntary, involuntary or by operation of law) of any partner, or the dissolution of the partnership.

(f) If Lessee is a corporation, any dissolution, merger, consolidation or other reorganization, or other arrangement having similar effect, or the sale or transfer of any of the capital stock of Lessee.

(g) If Lessee is composed of more than one person, any change of interest (voluntary, involuntary or by operation of law) of any such person.

9.3 Shell's First Refusal Right. Lessee may not sell, transfer or assign Lessee's interest in this Lease without first offering in writing to sell, transfer or assign the same to Shell on terms and conditions which are the same as those of the proposed sale, transfer or assignment to the third party. If Shell declines or does not accept the offer within 30 days from its receipt thereof, Lessee may make the proposed sale, transfer or assignment to such third party if Shell gives its consent thereto as provided in article 9.1 hereof, but not at a lower price or on more favorable terms than those so offered to Shell. If such sale, transfer or assignment to such third party is not consummated within four months from Shell's receipt of the foregoing offer to it, Lessee shall re-offer the interest to Shell in accordance with the foregoing provisions.

## 10. TERMINATION BY SHELL - OTHER REMEDIES.

10.1 Termination. Subject to any limitations imposed by law, Shell may, at its option, terminate this Lease upon notice (or advance notice if and as required by law) to Lessee for any one or more of the following grounds:

(a) failure by Lessee to comply with any provision of this Lease, which provision is both reasonable and of material significance to the relationship hereunder;

(b) failure by Lessee to exert good faith efforts to carry out the provisions of this Lease;

(c) occurrence of an event which is relevant to the relationship hereunder and as a result of which termination of this Lease is reasonable, including events such as:

- (1) fraud or criminal misconduct by Lessee relevant to the operation of the Premises;
- (2) declaration of bankruptcy or judicial determination of insolvency of Lessee;
- (3) continuing severe physical or mental disability of Lessee of at least three months' duration which renders Lessee unable to provide for the continued proper operation of the Premises;
- (4) loss of Shell's right to grant possession of the Premises through expiration of an underlying lease;
- (5) condemnation or other taking, in whole or in part, of the Premises pursuant to the power of eminent domain;
- (6) destruction (other than by Shell) of all or a substantial part of the Premises;
- (7) failure by Lessee to pay to Shell in a timely manner when due rent and all other sums to which Shell is legally entitled;
- (8) failure by Lessee to operate the Premises for seven consecutive days, or such lesser period which under the facts and circumstances constitutes an unreasonable period of time;
- (9) knowing failure of Lessee to comply with Federal, state or local laws or regulations relevant to the operation of the Premises;
- (10) conviction of Lessee of any felony involving moral turpitude; and
- (11) death of Lessee;

(d) if this Lease is for a term of at least three years, or Lessee was offered a term of at least three years, a determination is made by Shell in good faith and in the normal course of business to withdraw from marketing of motor fuel through retail outlets in the relevant geographic market area in which the Premises are located; and

(e) any other ground for which termination is provided for hereunder or otherwise allowed by law.

**10.2 Other Remedies.** Following any termination or the expiration of this Lease, (a) Shell may re-enter and repossess the Premises, without prejudice to any other rights or remedies provided hereunder or by law, and (b) Lessee shall peaceably surrender the Premises to Shell. As to any of Lessee's property which Lessee fails to remove from the Premises at the termination or expiration of this Lease, Shell shall have the right to sell all or any part of same for Lessee's account on such terms as Shell may desire, but with the rights in Shell to apply the proceeds of such sale, after reimbursing itself for the costs thereof, to the payment of any indebtedness of Lessee to Shell, and to purchase any or all such personal property. All sums due by Lessee to Shell under the provisions of this Lease shall be payable by Lessee to Shell on demand, and shall bear interest therefrom at the rate of 8% per annum (or lesser maximum rate permitted by law) until paid. Either party's right to require strict performance of the other's obligations hereunder shall not be affected by any previous waiver, forbearance or course of dealing.

**11. UNDERLYING ESTATES - CONDEMNATION.** If Shell does not own the Premises, this Lease (a) is subject to all the provisions of the lease under which Shell is now entitled to possession and (b) shall terminate upon expiration or any sooner termination (by Shell or otherwise) of such lease, if and as permitted by law; and Lessee shall not commit or permit any act or omission which would impair or jeopardize Shell's interest under its lease. If all or any part of the Premises is condemned for public or quasi-public use as provided in article 10.1(c)(5), or is (as it may be) voluntarily conveyed by Shell to any party having and intending to exercise the power so to condemn, either Shell or Lessee may terminate this Lease by giving the other notice (or advance notice if and as required by law); and whether or not this Lease is so terminated, Lessee assigns to Shell all of Lessee's right to or interest in any award or settlement for such condemnation or conveyance in lieu thereof, subject to Lessee's right to receive a portion of such compensation from Shell if and as required by law.

12. **LESSEE'S BUSINESS.** Nothing in this Lease shall be construed as reserving to Shell any right to exercise any control over, or to direct in any respect the conduct or management of, the business or operations of Lessee on the Premises; but the entire control and direction of such business and operations shall be and remain in Lessee, subject only to Lessee's performance of the obligations of this Lease. Neither Lessee nor any person performing any duties or engaged in any work on the Premises for or on behalf of Lessee shall be deemed an employee or agent of Shell, and none of them is authorized to impose on Shell any obligations or liability whatever. Except as provided by law, nothing in this Lease, or now or ever hereafter on or part of the Premises, shall be construed as granting to Lessee any franchise, license or other right to use any of Shell's trademarks, brand names, service marks or color schemes; and Shell reserves the right to remove or obliterate any thereof now or ever hereafter on or part of the Premises as to which Lessee does not have the right of use under any separate agreement.

13. **NOTICES.** Except as otherwise specified herein, every notice hereunder shall be in writing and, subject to any requirements of law, may be given to Lessee by personal service or to either Lessee or Shell by certified letter or telegram, and, in the latter instances, shall be deemed given when the letter is deposited in the U.S. mail or the telegram with the telegraph company, postage or charges prepaid, and addressed to the party for whom intended at such party's address first herein specified, or at such other address as such party may have substituted therefor by notice so given to the other.

14. **CONTINUATION OF RELATIONSHIP.** Neither Shell nor Lessee shall have any obligation to renew this Lease or continue their relationship established hereunder beyond the term specified in article 3, or of any extension thereof agreed to in writing by Shell and Lessee, except if and as required by law. If by operation or effect of law Shell is required to continue its relationship established hereunder with Lessee beyond the term specified in article 3 and the parties fail to extend or renew this Lease by written instrument, then the term of this Lease shall be extended on a month to month basis on the same terms and conditions as were last provided in this Lease for not more than six successive months, subject (a) to termination by either party as herein provided or (b) to nonrenewal by Shell at the end of any such month.

15. **RELATION TO EXISTING LAW.** To the extent that any provision of this Lease is in conflict with any valid and enforceable law existing on the date hereof, such provision shall be deemed amended to conform with such law as it applies to this Lease at the time either party takes any action or exercises or claims any right hereunder.

16. **BUSINESS ENTITY OR JOINT LESSEE.** This article shall apply if Lessee is a business entity or composed of more than one person (i.e., any combination of natural persons and business entities).

16.1 **Joint and Several Obligations.** If Lessee is composed of more than one person, the obligations imposed hereunder shall be joint and several as to each such person, and all the obligations and grounds for termination specified in this Lease shall be deemed to apply to each such person with the same effect as though such person were the sole Lessee.

16.2 **Corporate Authority.** If Lessee is a corporation, Lessee shall deliver to Shell on execution of this Lease a certified copy of a resolution of its board of directors authorizing the execution of this Lease and designating the officers or agents who are authorized to receive personal delivery of notices hereunder directed to the corporation. Lessee may by notice to Shell designate additional or other persons for receipt of personally delivered notices by Shell.

16.3 **Notices by Personal Service.** If Lessee is a business entity or composed of more than one person, Shell may give notice by personal service on: (a) the officers or agents of a corporate Lessee as designated pursuant to article 16.2, (b) any partner of a partnership, (c) any personal representative, agent or employee of any other business entity or (d) on any such person who is a natural person.

16.4 **Personal Obligations and Provisions.** If Lessee is a business entity, all obligations and provisions hereof of a personal nature shall apply as if such business entity were a natural person, and shall also apply insofar as is legally possible and reasonably practicable, to those natural persons who have or exercise management responsibility for such business entity, including, without limitation, officers, directors or agents of corporations and partners of partnerships. Such business entity shall manage its affairs with respect to the personal obligations and provisions in a manner so as to give full force and effect to same.

17. **ENTIRETY - EXECUTION - SUCCESSION.** This Lease terminates, as of the beginning date of its term, any prior lease by Shell to Lessee of the Premises, and merges and supersedes all prior representations and agreements, and constitutes the entire contract between Shell and Lessee concerning the subject matter or in consideration hereof. Neither this Lease nor any subsequent agreement amending or supplementing this Lease shall be binding on Shell unless and until it is signed for Shell by a

duly authorized representative. Subject to the foregoing provisions hereof, this Lease shall bind and benefit Lessee's heirs, estate and assigns, and Shell's successors and assigns.

EXECUTED on the date(s) shown below but as of the date first herein specified.

Charles Abrams  
CHARLES ABRAMS

Date: 4/23, 1987

SHELL OIL COMPANY

By W. F. Beck

W. F. BECK

(Type or Print Name)

TERRITORY MANAGER

(Title of Officer or Agent)

Date: 4/23, 1987

00082



Exhibit A  
to Motor Fuel Station Lease

LESSEE'S MAINTENANCE OBLIGATIONS (SEE ALSO ARTICLE 6)

- A. Yard
  - 1. Natural landscaping: water, fertilize, weed and trim (or replace) grass and shrubbery as necessary to maintain healthy and attractive condition.
  - 2. Artificial landscaping: Maintain and replace as necessary to preserve original appearance.
  - 3. Repair and replace sprinkler heads.
  - 4. Regularly remove leaves, debris and litter.
  - 5. Remove snow and ice from the Premises (including adjacent sidewalks, driveways and easements).
- B. Lighting  
Maintain and replace all lamps and bulbs, ballasts, starters and sockets in the interior of building.
- C. Plumbing
  - 1. Clear catch basins, clogged toilets, building lube bay drains and on-property sewer lines.
  - 2. Repair toilet flush mechanisms and leaky faucets.
  - 3. Drain water lines to prevent freezing.
- D. Heating - Air Conditioning  
Replace air filters.
- E. Glasswork  
Replace all window and door glass and mirrors, whenever cracked or broken, including damage due to vandalism and accidents.
- F. Floors  
Restore floors to original condition upon removal of equipment installed by or at request of Lessee.
- G. Painting  
Minor touch-up, in accordance with Shell's specifications.
- H. Tanks
  - 1. Check daily for leakage and water. Maintain daily inventory control as specified in article 6.3.
  - 2. Empty waste oil tank.
- I. Pumps - Dispensers
  - 1. Lubricate any gasoline suction pumps in use. (Where motor and pump are contained in dispenser housing, lubricate suction pump weekly or as needed.)
  - 2. Maintain and replace gasoline hoses and retractor cables.
  - 3. Maintain and replace pump glass.
  - 4. Maintain, repair and replace air and water hoses, nozzles, couplings and air chucks.
  - 5. Maintain, repair and replace gasoline nozzles and swivels.
- J. Air Compressor
  - 1. Drain water once each week.
  - 2. Add or change oil per manufacturer's operating instructions.
  - 3. Maintain air filter per manufacturer's operating instructions.
  - 4. Oil motor bearings once each month.
- K. Other Equipment  
Maintain, repair and replace any of the following normally in use: motor oil cabinets, tire changer, driveway bell system and all lubrication equipment.
- L. Miscellaneous
  - 1. Repair and replace all locks and keys, door closers and latches.
  - 2. Lubricate overhead door tracks as needed.
  - 3. Replace electrical fuses and/or reset circuit breakers.
  - 4. Check weekly all fire extinguishers. Recharge as needed.
  - 5. Take necessary pest control measures.
  - 6. Repair any intercom system.

00083



Station Location: 3801 Sepulveda @ Venice  
Culver City, CA 90230  
Dealer WIC #: 204-1944-0126

MOTOR FUEL STATION LEASE

THIS IS A LEASE effective August 1, 1990, between SHELL OIL COMPANY, 511 North Brookhurst Street, Anaheim, CA 92803 ("Shell") and CHARLES ABRAMS, 10110 Rossbury Place, Los Angeles, CA 90034 ("Lessee").

PART I of this Lease sets forth the particular provisions of this Lease and includes the executions of this Lease by Shell and Lessee and any Special Provisions that may be applicable, and PART II sets forth the general provisions of this Lease and includes Exhibit A relating to Lessee's maintenance obligations and any Supplements to this Lease which may be referred to in PART I or any such Special Provisions. The provisions of Exhibit A and any such Special Provisions and Supplements shall control to the extent of any conflict between such provisions and the body of this Lease. The numbers in the left column in PART I relate to applicable articles in PART II.

PART I

Article No.

1(h) Leased Premises located at: 3801 Sepulveda @ Venice, Culver City, CA 90230.

3. Term of Lease begins on the effective date specified above and ends on July 31, 1995.

4.1 Premises rent:

<u>Period</u>			<u>Monthly Rent</u>
From August 1, 1990	through	July 31, 1991	\$ 4945.00
From August 1, 1991	through	July 31, 1992	\$ 5687.00
From August 1, 1992	through	July 31, 1993	\$ 6540.00
From August 1, 1993	through	July 31, 1994	\$ 7521.00
From August 1, 1994	through	July 31, 1995	\$ 7970.00

5.2 Specified hours of operation: 24 hours each day.

8(d) Minimum fire and explosion legal liability insurance: \$250,000.00.

11.2 Notice to Lessee: Underlying lease will expire or is otherwise subject to termination on July 31, 1994.

00084

SPECIAL PROVISIONS:

- Diesel Facilities. Lessee shall pay Shell monthly the above sum as an additional rent for diesel storage and dispensing facilities and related signage ("Diesel Facilities") provided by Shell to Dealer under this Lease. The provisions of this Lease shall apply to the Diesel Facilities and the payment of such additional rent except as provided herein. Shell may convert the Diesel Facilities to gasoline use at any time on 60 days' notice to Lessee, in which event the foregoing separate rent shall cease and the Premises monthly rent specified in item 4.1 above shall be appropriately increased. The foregoing additional rent for the Diesel Facilities shall not be subject to any program that may be made available by Shell from time to time whereby Lessee may earn a credit against rent specified in this Lease through the purchase of gasoline.

Additional Diesel Facilities monthly rent: \$120.00

- Vapor Recovery Nozzles. At any termination or expiration of this Lease, any interest which Lessee may have previously acquired in vapor recovery nozzles originally installed by Shell at the Premises shall automatically vest in Shell unless Shell at such time directs Dealer to transfer such interest to the successor lessee of the Premises.

NOTE TO LESSEE: BE SURE YOU READ AND UNDERSTAND ALL PROVISIONS OF THIS BINDING DOCUMENT BEFORE YOU SIGN, INCLUDING PAGES WHICH FOLLOW.

EXECUTED on the date(s) shown below.

  
CHARLES ABRAMS

Date: 5-15-, 19 90

SHELL OIL COMPANY

By 

L. S. Turner  
(Type or Print Name)

TERRITORY MANAGER  
(Title of Officer or Agent)

Date: 5-15-, 19 90

## PART II

### DEFINITIONS

1. As used in this Lease, whether in the singular or plural:

(a) alteration shall mean any addition or change to, or modification, removal or replacement of, any building, improvement or equipment on the Premises;

(b) business entity shall mean any legal entity which is not an individual, including, without limitation, a partnership, corporation, trust, estate or association;

(c) expiration shall mean the coming to an end of the term provided in article 3, or any extension thereof provided in article 14 or otherwise agreed to in writing by Shell and Lessee;

(d) law shall mean any applicable statute, constitution, ordinance, regulation, rule, administrative order or other requirement of any federal, state or local government agency or authority, which, unless otherwise specified herein, is in effect either at the time of the execution of this Lease or any other time during the term;

(e) maintenance or maintain shall mean, unless the context otherwise indicates, preventive maintenance, repairs, replacement, repainting and cleaning;

(f) nonrenewal shall mean a failure by Shell to continue or extend this Lease at the conclusion of the term provided in article 3, or of any extension thereof provided in article 14 or otherwise agreed to in writing by Shell and Lessee;

(g) PMPA shall mean the Petroleum Marketing Practices Act (15 U.S.C. § 2801 et seq.);

(h) Premises shall mean collectively: the land owned or leased by Shell at the location identified in PART I, to the extent improved by Shell or with Shell's written consent for use as a motor fuel dispensing station and for associated purposes, and the buildings, improvements and equipment now or hereafter located on the land; and

(i) termination shall mean the ending of the term for any reason before expiration, as defined herein.

### LEASE

2. Shell hereby leases to Lessee, and Lessee hereby leases from Shell, the Premises. Subject to article 6.2, Lessee acknowledges that the Premises are in good and safe condition and repair. Upon any termination or expiration of this Lease, Lessee shall peaceably surrender possession of the Premises to Shell in as good order and condition as when delivered to Lessee, excepting ordinary wear and tear, acts of God and maintenance for which Shell is responsible.

### TERM-- TERMINATION

3. This Lease shall be binding from execution and shall be in effect for the term set forth in PART I, unless extended pursuant to article 14 or otherwise by written agreement, but may be terminated by Lessee at any time by giving Shell at least 90 days' notice, or may be terminated by Shell as provided in the succeeding articles hereof.

### RENT

4.1 General. Lessee shall pay Shell as rent for each calendar month, without deduction, set off, notice or demand, the sum specified in the schedule set forth in PART I, in advance not later than the first day of such month, except that rent due on a weekend or federal holiday will be payable on the business day next following the due date. Rent for any period less than a calendar month shall be prorated. In addition to the rent specified above, Lessee shall pay or reimburse Shell for, in accordance with law, all taxes which may be imposed on the rental of any real or tangible personal property included under this Lease, including any such taxes imposed for any prior periods in which Lessee leased the Premises from Shell. For the purpose of determining any such taxes due, Shell shall have the option at any appropriate time of identifying the tangible personal property included under this Lease and allocating thereto a portion of the rental hereunder.

4.2 Payment. Rent shall be deemed paid when received by Shell at its address provided by Shell to Lessee from time to time. Shell may at its option from time to time prescribe that rent be paid when due by draft or electronic funds transfer initiated by Shell, and Lessee shall provide any written authorizations required for such purpose.

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USE

5.1 General. The Premises shall be used for operation of the motor fuel dispensing station and associated facilities existing on the effective date of this Lease or thereafter completed or installed by Shell or with Shell's written consent. Authorized use shall include the retail sale of petroleum products and carry-out automotive accessories, but excludes any automotive repairs or services except such incidental services as are normally provided to vehicles receiving motor fuel while at the motor fuel dispensing driveway area (such as checking oil and coolant levels and cleaning windshields). Authorized use shall also include the operation of any convenience store, food mart, car wash or other non-gasoline facility on the Premises according to standards established by Shell for such facility. Except with the prior written consent of Shell, which may be withheld consistent with applicable law, Lessee may not use underground tanks, associated product lines or motor fuel dispensing equipment provided by Shell in the sale or dispensing of non-Shell motor fuel. Lessee's installation and use of any additional tanks and associated equipment for the purpose of selling non-Shell motor fuel shall be subject to article 5.6 and all other applicable provisions of this Lease and any related agreements between Shell and Lessee. If, with Shell's prior written consent, the Premises are used for any purpose in addition to the use provided for in this Lease and any related agreements between Shell and Lessee, Shell may charge a reasonable additional rent as compensation for such use.

5.2 Lessee's Efforts--Hours. Lessee shall devote Lessee's best efforts to preserve the value of the Premises for the foregoing authorized use by serving effectively the public's and consumers' needs, and to assure that end, shall keep the station open for the sale of motor fuel and fully illuminated during the hours and days set forth in PART I. Such hours of operation shall be subject to adjustment if and as required by law. Lessee shall personally and actively manage the business conducted at the Premises to assure good faith compliance with this article 5.2 and other provisions of this Lease.

5.3 Use Prevented by Law. Either Shell or Lessee, at their respective options, may terminate this Lease on giving the other notice (or advance notice if and as required by law) if at any time any law shall operate or be enforced so as to prevent the continued use or occupancy of the Premises (either directly or by requiring specified alterations at a cost which is disproportionate to the value of the Premises for such continued use or occupancy) for the purpose for which such Premises were being used immediately prior to the effectiveness, application or enforcement of such law, as the case may be.

5.4 Business Charges--Lawful Operations. Lessee shall satisfy all regulatory requirements and timely pay all charges incident to the ownership, possession or use of the Premises, the business conducted thereon, or the protection of the environment pertaining thereto, including all federal, state and local taxes, levies, assessments and charges (except ad valorem taxes on Shell's property and taxes based upon the net income of Shell); all license, registration, permit, occupation and inspection taxes and fees; all water, sewer, waste disposal, gas, electricity, telephone and other utility charges; and all taxes on Lessee's property on the Premises. Without limitation of the foregoing, Lessee shall comply with all laws, licenses and permits relating to the Premises or any use thereof or to any act or activity on the Premises, including, without limitation, any special zoning or other governmental restrictions specified in PART I and any such laws, licenses or permits pertaining to environmental protection. All licenses, permits and accounts required for the foregoing shall be in Lessee's name unless Shell, in its discretion, directs otherwise. If Shell at any time satisfies any such regulatory requirements or bears any such charges, Lessee shall reimburse Shell upon demand for Shell's costs so incurred, without prejudice to any other rights or remedies available to Shell hereunder or by law. Lessee shall not (a) commit or permit any fraudulent or illegal act or activity or any consumption of intoxicating beverages or use of illegal drugs on the Premises, or (b) maintain or permit any animal or condition on the Premises which may endanger the health, safety or well-being of persons on the Premises.

5.5 Shell Alterations. Subject to the remaining provisions of this article 5.5, Shell shall have the right from time to time, without liability to Lessee, to make alterations to the Premises. Shell's right to make such alterations shall include, but not be limited to, modernization, reconstruction or remodeling of or adding to any buildings, equipment or other facilities on the Premises, and may involve the complete demolishing and rebuilding of any and all such facilities. If any such alteration will cause a substantial disruption or change in Lessee's business, Shell will provide Lessee with 90 days' advance notice of the terms of its proposal to make the alteration, and during the period of such alteration work Shell shall reduce or suspend the rent payable hereunder as full compensation for the restrictions in use of the Premises resulting from such work. Shell shall exercise due diligence to complete all such alteration work in an expeditious manner, but Shell shall not be liable to Lessee for any loss of profit or other loss resulting from the conduct of the work or any

completion delay except for an adjustment of rent as provided above. Upon completion of such alteration work, the rent hereunder will be appropriately adjusted if a change in the rental value of the Premises has resulted therefrom.

**5.6 Lessee Alterations.** Lessee shall not make any alterations to the Premises, including removal or disablement of leak detectors or other environmental control device, without Shell's prior written consent, which consent shall not be unreasonably withheld. Any such alteration to which Shell may give its consent shall be made in accordance with plans and specifications and by a contractor approved by Shell, which approval shall not be unreasonably withheld. Except as otherwise agreed in writing by Shell, at any termination or expiration of this Lease any alteration made by Lessee shall, at Shell's election, become a part of the Premises and the property of Shell or Shell may require Lessee within 30 days before or after termination or expiration to remove such alteration and restore the Premises to their condition existing prior to such alteration.

#### MAINTENANCE

**6.1 General.** Subject to the following provisions of this article 6, Lessee shall at all times maintain the Premises (including adjacent sidewalks and driveways, easements and all landscaped areas) and Lessee's own property and equipment thereon in good condition and repair, and keep the same (including the rest rooms) neat, clean, safe and orderly. To those ends and always promptly as needed, Lessee shall perform the maintenance to Shell's property (or any of Lessee's property) which is specified in Exhibit A hereto, including any such maintenance as may be required by law unless Shell is expressly required by the same or other law to bear the cost thereof. Shell shall perform all other maintenance to Shell's property which Shell deems necessary or desirable (having due regard to the remaining term of this Lease and Shell's future plans for the Premises), provided that Lessee promptly gives Shell a written statement of each such maintenance which Lessee deems necessary. As to any maintenance specified in Exhibit A which Lessee fails to perform, or as to any such other maintenance concerning which Lessee fails to give Shell the above-required written statement, or which is necessitated, either partly or solely, by any negligent or otherwise wrongful act or omission of Lessee or Lessee's employees, agents or contractors: Shell may perform the same and charge to Lessee Shell's actual cost thereof, or in lieu of performing the same, may charge to Lessee what would have been the reasonable cost thereof. If the Premises are made substantially unfit for the intended use hereunder by any cause, either Shell or Lessee may terminate this Lease by giving the other notice (or advance notice if and as required by law) within 60 days after such unfitness commences. Shell may enter the Premises at any time for the purposes of inspecting the same (including the pump meters), gauging and testing tanks, performing maintenance and making alterations. The termination or expiration of this Lease shall not relieve Lessee of any obligation for maintenance theretofore accrued.

**6.2 Initial Maintenance.** Within 10 days after the effective date of this Lease, Lessee may provide Shell a written statement of any maintenance for which Shell or any previous lessee (other than Lessee herein or any third party through whom Lessee claims an interest hereunder) may be responsible, and the preceding provisions of this article 6 shall apply to such maintenance. Lessee shall be responsible for any maintenance required on such effective date regarding which Lessee fails to give Shell a written statement as above provided, and Shell shall be relieved of all responsibility therefor.

**6.3 Dealer Inventory Control.** To assure early detection of any leak in the underground motor fuel storage system at the Premises, Lessee shall maintain methodical daily inventory control, including daily reconciliation of physical inventory readings with sales records and delivery receipts, in accordance with Shell's procedures and applicable law. Lessee shall give Shell immediate telephone notification (promptly confirmed by written notice) of any suspected product loss, of any claim or threatened claim by a third party related to a product loss or alleged loss, or of any newly discovered material fact relating to any matter previously reported pursuant hereto. Without limitation of the foregoing, Lessee shall provide such notification to Shell of any inventory discrepancies for a single product (losses or gains) in excess of: (a) 300 gallons for a single day, (b) 150 gallons per day for three consecutive days (all losses or all gains) or (c) one-half of one percent (1/2 of 1%) of sales for any 30-day period. In accordance with Shell's procedures, Lessee shall periodically provide Shell a written certification that Lessee has complied with the foregoing provisions of this article 6.3. Lessee shall retain for a period of at least one year and make available to Shell for inspection and audit, at all reasonable times, Lessee's records and procedures maintained pursuant to this article 6.3. If Lessee refuses or fails to perform in a proper and timely manner Lessee's obligations under this article 6.3, Shell may, at its option and without limitation of any other rights or remedies available to it under this Lease or otherwise, (a) retain the services of a qualified independent third party to inspect and audit Lessee's performance as frequently as

necessary, at the sole cost of Lessee, until such deficiencies are cured or (b) terminate or not renew this Lease and any related agreements constituting a franchise between Shell and Lessee.

INDEMNITY--  
REPORTS

7. Lessee, to the maximum extent permitted by law, shall defend, indemnify and hold harmless Shell, its parent, affiliate and subsidiary companies, and their respective directors, employees and agents, against all claims, suits, liabilities, judgments, losses and expenses (including, without limitation, attorneys' fees and costs of litigation, whether incurred for Shell's primary defense or for Shell's enforcement of its indemnification rights hereunder) and any fines, penalties and assessments, arising out of any bodily/personal injury, disease or death of any persons or damage to or loss of any property (except Shell property to the extent Shell has responsibility therefor under Article 6), or for liens on the Premises, caused by or happening in connection with the Premises (including adjacent sidewalks and driveways) or the condition, maintenance, possession or use thereof or the operations thereon, even though caused by the concurrent or contributory negligence or fault of a party indemnified; but excepting any such injury, disease, death, damage or loss caused by (a) the sole negligence or fault of a party otherwise indemnified or (b) defects in Shell products not caused or contributed to by any negligence or fault of Lessee or Lessee's employees, agents or contractors. Within 24 hours after any occurrence which may result in such injury, disease, death, damage or loss, or such fine, penalty or assessment or the imposition of such lien, Lessee shall report the same to Shell by telephone and shall promptly thereafter confirm the same by notice, including all circumstances thereof known to Lessee or Lessee's employees. Shell shall have the right, but not the duty, to participate in the defense and settlement of any such claim or litigation with attorneys of Shell's selection without relieving Lessee of any obligations hereunder. Lessee shall cooperate with Shell in Shell's investigation and defense of any claim or suit. Lessee's obligations hereunder shall survive any termination or expiration of this Lease.

INSURANCE

8. Without in any way limiting any of Lessee's obligations or liabilities under article 7 of this Lease or otherwise, Lessee shall maintain at all times, at Lessee's expense and in compliance with any applicable requirements of law, insurance satisfactory to Shell of the following minimum types and limits:

(a) Workers' Compensation Insurance with statutory limits, and Employers' Liability Insurance with limit of \$100,000 each occurrence.

(b) Comprehensive General Liability Insurance (including, without limitation, coverage for premises/operations, operation of vehicles owned, non-owned or hired, products/completed operations, and contractual obligations assumed in article 7 hereof) with a combined limit for bodily/personal injury and property damage of \$300,000 each occurrence. If Lessee sells or dispenses alcoholic beverages, such insurance shall include coverage for such activity with a minimum limit of \$1,000,000 each occurrence.

(c) Environmental Impairment Liability Insurance covering off-site losses, which will be maintained during any period and with such minimum limit as shall reasonably be required by Shell, either initially from the effective date hereof or at any time thereafter, having due regard to the availability of such insurance during any such period. Except with respect to any initial requirement for such insurance which may be specified in PART I, Shell shall give Lessee at least 90 days' notice of any new or modified requirement for such insurance.

(d) Fire and Explosion Legal Liability Insurance on the leased building and any other property on the Premises leased or loaned by Shell to Lessee (whether under this Lease or otherwise), in the minimum amount set forth in PART I or in such modified amount as Shell may specify by notice to Lessee at any time based on alterations made after the effective date hereof.

(e) The liability insurance specified in (b) above shall name Shell as an additional insured, and that specified in (c) above shall include Shell as a named insured.

Any insurance maintained by Lessee pursuant to this Lease shall be regarded as primary insurance underlying any other applicable insurance. Prior to the effective date of this Lease and thereafter prior to the expiration of any required insurance, Lessee shall provide Shell with evidence satisfactory to Shell showing that the insurances specified above are in effect and will not be cancelled or materially changed without at least 30 days' prior written notice to Shell. Lessee shall further provide Shell with at least 30 days' prior written notice if any such insurance shall expire for any reason without being replaced with equivalent coverage. Any insurance plan arranged by

Shell and participated in by Lessee may provide for the periodic collection by Shell for the insurer of Lessee's premiums as payments due under this Lease.

ASSIGNMENT--  
SUBLEASING--  
ENCUMBRANCE

9.1 General. This Lease is personal to Lessee. Except as otherwise provided in this article 9 or by law, Lessee shall not assign or encumber any of Lessee's interest in this Lease or in the Premises, or sublease all or any part of the Premises, or permit any other arrangement having similar effect of such an assignment or sublease, or permit any other person to occupy or use all or any part of the Premises, either voluntarily, involuntarily or by operation of law, without Shell's prior written consent, which consent shall not be unreasonably withheld. Each request for Shell's consent to any assignment, encumbrance or sublease shall be submitted in the manner specified for notices in article 13.1, and Shell shall have 60 days (or any lesser period specified by law) following its receipt of all qualification information reasonably required by it in which to grant or withhold its consent in writing. No consent to any assignment, encumbrance or sublease shall constitute a waiver of the provisions of this article as to any such future transaction. Any assignment, encumbrance or sublease made without Shell's prior written consent or otherwise in violation of this Lease shall be null and void.

9.2 Particular Acts. Without limitation, each of the following acts shall be considered an assignment subject to article 9.1:

(a) The transfer of Lessee's interest in this Lease upon death, whether by will or operation of law.

(b) Lessee becomes bankrupt or insolvent, makes an assignment for the benefit of creditors or institutes a proceeding under the Bankruptcy Code; provided that, in any of the foregoing cases, Lessee or other affected party shall have 60 days in which to have an involuntary proceeding dismissed.

(c) A writ of attachment or execution is levied on this Lease and not removed by Lessee within 30 days.

(d) In any proceeding or action to which Lessee is a party, a receiver is appointed with authority to take possession of the Premises and such receiver is not removed within 60 days.

(e) If Lessee is a partnership, a withdrawal or any change of interest (voluntary, involuntary or by operation of law) of any partner, or the dissolution of the partnership.

(f) If Lessee is a corporation, any dissolution, merger, consolidation or other reorganization, or other arrangement having similar effect, or the sale or transfer by Lessee or any shareholder of 10% or more of the voting shares of the capital stock of Lessee or of any lesser interest which cumulatively vests 10% or more of such voting shares in the transferee.

(g) If Lessee is composed of more than one person, any change of interest (voluntary, involuntary or by operation of law) of any such person.

9.3 Shell's First Refusal Right. Lessee may not sell, transfer or assign any of Lessee's interest in this Lease without first offering in writing to sell, transfer or assign the same to Shell on terms and conditions which are the same as those of the proposed sale, transfer or assignment to the third party. If Shell declines or does not accept the offer within 30 days from its receipt thereof, Lessee may make the proposed sale, transfer or assignment to such third party if Shell gives its consent thereto as provided in article 9.1 hereof, but not at a lower price or on more favorable terms than those so offered to Shell. If such sale, transfer or assignment to such third party is not consummated within four months from Shell's receipt of the foregoing offer to it, Lessee shall re-offer the interest to Shell in accordance with the foregoing provisions. If Lessee is a partnership or corporation, the provisions of this article 9.3 shall be deemed to apply to any assignment described in article 9.2(e) or 9.2(f), as the case may be.

9.4 Assignment by Shell. Shell shall have the right to sell, transfer or assign its interest in this Lease and the Premises. Following any assignment of this Lease by Shell, Shell's assignee shall be substituted for Shell with respect to the rights and obligations of Shell provided herein.



TERMINATION OR  
NONRENEWAL BY  
SHELL--OTHER  
REMEDIES

10.1 Termination. Subject to any limitations imposed by law, Shell may, at its option, terminate this Lease upon notice (or advance notice if and as required by law) to Lessee for any one or more of the following grounds:

- (a) failure by Lessee to comply with any provision of this Lease, which provision is both reasonable and of material significance to the relationship hereunder;
- (b) failure by Lessee to exert good faith efforts to carry out the provisions of this Lease;
- (c) occurrence of an event which is relevant to the relationship hereunder and as a result of which termination of this Lease is reasonable, including events such as:
  - (1) fraud or criminal misconduct by Lessee relevant to the operation of the Premises;
  - (2) declaration of bankruptcy or judicial determination of insolvency of Lessee;
  - (3) continuing severe physical or mental disability of Lessee of at least three months' duration which renders Lessee unable to provide for the continued proper operation of the Premises;
  - (4) loss of Shell's right to grant possession of the Premises through expiration of an underlying lease;
  - (5) condemnation or other taking, in whole or in part, of the Premises pursuant to the power of eminent domain;
  - (6) destruction (other than by Shell) of all or a substantial part of the Premises;
  - (7) failure by Lessee to pay to Shell in a timely manner when due rent and all other sums to which Shell is legally entitled;
  - (8) failure by Lessee to operate the Premises for the sale of motor fuel for seven consecutive days, or such lesser period which under the facts and circumstances constitutes an unreasonable period of time;
  - (9) willful adulteration, mislabeling or misbranding of motor fuels or other trademark violations by Lessee;
  - (10) knowing failure of Lessee to comply with federal, state or local laws or regulations relevant to the operation of the Premises;
  - (11) conviction of Lessee of any felony involving moral turpitude; and
  - (12) death of Lessee;
- (d) a determination is made by Shell in good faith and in the normal course of business to withdraw from marketing of motor fuel through retail outlets in the relevant geographic market area in which the Premises are located; and
- (e) any other ground for which termination is provided for in this Lease or in any related agreements constituting a franchise between Shell and Lessee, or is otherwise allowed by the PMPA or other applicable law.

10.2 Termination Prior to Effective Date. If, after execution but prior to the effective date of this Lease, Shell has grounds to terminate or not renew any then existing Motor Fuel Station Lease between Shell and Lessee covering the Premises, or to terminate this Lease as if it were then in its term, Shell may terminate this Lease, as well as any such then existing lease, based on such grounds.

10.3 Nonrenewal. Subject to article 14 and any limitations imposed by law, Shell may, at its option, fail to renew this Lease or any franchise relationship existing with respect thereto upon notice (or advance notice if and as required by law) to Lessee for:

- (a) any one or more of the grounds specified in article 10.1(a) through 10.1(d); and
- (b) any other ground for which nonrenewal is provided for in this Lease or in any related agreements constituting a franchise between Shell and Lessee or is otherwise allowed by the PMPA or other applicable law.

10.4 Acts Attributable to Lessee. In determining whether a ground for termination or nonrenewal exists under this article 10: (a) the acts or omissions of Lessee's

employees, agents and contractors shall be deemed to be the acts or omissions of Lessee; and (b) if Lessee is composed of more than one person, the acts or omissions of each such person shall be deemed to be the acts or omissions of Lessee; or (c) if Lessee is a partnership or corporation, the acts or omissions of the Key Management Person designated in PART I, if any, and of each partner or shareholder, as the case may be, shall be deemed to be the acts or omissions of Lessee.

**10.5 Other Remedies.** Following any termination or the expiration of this Lease, (a) Shell may re-enter and repossess the Premises, without limitation of any other rights or remedies available to it under this Lease or otherwise, and (b) Lessee shall peaceably surrender the Premises to Shell. As to any of Lessee's property which Lessee fails to remove from the Premises at the termination or expiration of this Lease, Shell shall have the right to sell all or any part of same for Lessee's account on such terms as Shell may desire, but with the rights in Shell to apply the proceeds of such sale, after reimbursing itself for the costs thereof, to the payment of any indebtedness of Lessee to Shell, and to purchase any or all such personal property. All sums due by Lessee to Shell under the provisions of this Lease shall be payable by Lessee to Shell as provided herein, and shall bear interest at the rate of 10% per annum (or lesser maximum rate permitted by law) from the date due until paid. Either party's right to require strict performance of the other's obligations hereunder shall not be affected by any previous waiver, forbearance, course of dealing, or trade custom or usage.

UNDERLYING  
ESTATES--  
CONDEMNATION

**11.1 General.** If Shell does not own the Premises, this Lease (a) is subject to all conditions or restrictions affecting the lease under which Shell is now entitled to possession, including, but not limited to, any special conditions or restrictions specified in PART I, and (b) shall terminate upon expiration or any sooner termination (by Shell or otherwise) of such lease if and as permitted by law; and Lessee shall not commit or permit any act or omission which would impair or jeopardize Shell's interest under its lease. If all or any part of the Premises is condemned for public or quasi-public use as provided in article 10.1(c)(5), or is (as it may be) voluntarily conveyed by Shell to any party having and intending to exercise the power so to condemn, either Shell or Lessee may terminate this Lease by giving the other notice (or advance notice if and as required by law); and whether or not this Lease is so terminated, Lessee assigns to Shell all of Lessee's right to or interest in any award or settlement for such condemnation or conveyance in lieu thereof subject to any applicable requirements of the PMPA.

**11.2 Notice--Expiration of Underlying Lease.** Lessee is hereby notified that Shell does not own the land covered by this Lease, but it leases such land from a third party under an underlying lease which, by its terms, will expire on the date set forth in PART I or is otherwise subject to termination on such date. Accordingly, Lessee is hereby notified that Shell's underlying lease might expire or end on such date and not be extended or renewed, with the result that, depending on the ending date of the term of this Lease set forth in PART I, this Lease and any related agreements constituting the franchise between Shell and Lessee (a) may be terminated during their terms, (b) may not be renewed or (c) may be renewed or extended for a limited duration only. If Shell's underlying lease should be continued, extended or renewed beyond the above date, then Shell will expect to continue in effect or renew (as the case may be) this Lease and any such related agreements if and as required by applicable law, provided other grounds for termination or nonrenewal do not then exist.

LESSEE'S  
BUSINESS

**12.** Nothing in this Lease shall be construed as reserving to Shell any right to exercise any control over, or to direct in any respect the conduct or management of, the business or operations of Lessee on the Premises; but the entire control and direction of such business and operations shall be and remain in Lessee, subject only to Lessee's performance of the obligations of this Lease. Neither Lessee nor any person performing any duties or engaged in any work on the Premises for or on behalf of Lessee shall be deemed an employee or agent of Shell, and none of them is authorized to impose on Shell any obligations or liability whatever. Except as provided by law, nothing in this Lease, or now or ever hereafter on or part of the Premises, shall be construed as granting to Lessee any franchise, license or other right to use any of Shell's trademarks, brand names, service marks or color schemes; and Shell reserves the right to remove or obliterate any thereof now or ever hereafter on or part of the Premises as to which Lessee does not have the right of use under any separate agreement.

NOTICES

**13.1 General.** Except as otherwise specified herein, every notice hereunder shall be in writing and, subject to any requirements of law, may be given to Lessee by personal service or to either Lessee or Shell by certified letter, telegram, air courier, or electronic mail or mailgram, and, in the latter instances, shall be deemed given when the letter is deposited in the U.S. mail or the telegram or other such communication is

deposited with the dispatching agency, postage or charges prepaid, and directed to the party for whom intended at such party's address first herein specified, or at such other address as such party may have substituted therefor by notice so given to the other.

13.2 Personal Service--Business Entity or Joint Lessee. If Lessee is a business entity, Shell may give notice by personal service on (a) the Key Management Person designated in PART I pursuant to article 16.3, if any, (b) any officer or director of a corporation, (c) any partner of a partnership or (d) any personal representative, agent or employee of any other business entity. If Lessee is composed of more than one person, such notice may be given to any such person who is an individual or to any such person who is a business entity in the manner provided next above.

CONTINUATION  
OF  
RELATIONSHIP

14. Neither Shell nor Lessee shall have any obligation to renew this Lease or continue their relationship established hereunder beyond the term provided in article 3, or of any extension thereof agreed to in writing by Shell and Lessee, except if and as required by law. If by operation or effect of law Shell is required to continue its relationship established hereunder with Lessee beyond the term specified in article 3 and the parties fail to extend or renew this Lease by written instrument, then the term of this Lease shall be extended on a month-to-month basis on the same terms and conditions as were last provided in this Lease for not more than six successive months, subject (a) to termination by either party as herein provided or (b) to nonrenewal by Shell at the end of any such month.

RELATION TO  
EXISTING LAW

15. To the extent that any provision of this Lease is in conflict with any valid and enforceable law existing on the effective date hereof, such provision shall be deemed amended to conform with such law as it applies to this Lease at the time either party takes any action or exercises or claims any right under such provision.

BUSINESS  
ENTITY OR  
JOINT LESSEE

16.1 General. This article shall apply if Lessee is a business entity or composed of more than one person (i.e., any combination of individuals and business entities).

16.2 Joint and Several Obligations. If Lessee is composed of more than one person, the obligations imposed hereunder shall be joint and several as to each such person, and all such obligations shall be deemed to apply to each such person with the same effect as though such person were the sole Lessee.

16.3 Personal Obligations and Provisions. If Lessee is a business entity, all obligations and provisions hereof of a personal nature shall apply as if such business entity were an individual, and shall also apply insofar as is legally possible and reasonably practicable to those individual persons who have or exercise management responsibility for such business entity, including, without limitation, officers, directors or agents of corporations and partners of partnerships. Such business entity shall manage its affairs with respect to the personal obligations and provisions in a manner so as to give full force and effect to same. If Lessee as a business entity has initially designated in PART I or subsequently designates a "Key Management Person" who has or exercises primary management responsibility for Lessee's day-to-day operations, Shell shall be entitled to look to such designated Person in connection with the application of such obligations and provisions of a personal nature. Subject to Shell's prior written approval, which shall not be unreasonably withheld, Lessee may at any time, as appropriate, initially designate or make a substitute designation of a Key Management Person.

ENTIRETY--  
EXECUTION--  
SUCCESSION

17. This Lease terminates, as of its effective date, any prior lease by Shell to Lessee of the Premises, and merges and supersedes all prior representations and agreements, and constitutes the entire contract between Shell and Lessee concerning the subject matter or in consideration hereof. Neither this Lease nor any subsequent agreement amending or supplementing this Lease shall be binding on Shell unless and until it is signed for Shell by a duly authorized representative. Subject to the foregoing provisions hereof, this Lease shall bind and benefit Lessee's heirs, estate and assigns, and Shell's successors and assigns.

\* \* \*

Exhibit A  
to Motor Fuel Station Lease

LESSEE'S MAINTENANCE OBLIGATIONS (SEE ALSO ARTICLES 1(e) AND 6)  
(Note: "Maintain" includes repairs and replacement unless otherwise stated)

- A. Yard
  - 1. Maintain all elements within planter areas as necessary to retain a healthy and attractive appearance. Items include, but are not limited to, all live and artificial plantings (shrubs, grass, flowers, trees, etc.), decorative rock, bark and the entire sprinkler system.
  - 2. Regularly remove weeds, leaves, debris and litter from the Premises (including rain gutters and downspouts and adjacent sidewalks, driveways and easements).
  - 3. Remove snow and ice from the Premises (including adjacent sidewalks, driveways and easements).
- B. Lighting

Maintain all lamps and bulbs, ballasts, ballast wiring, starters and sockets in the interior of building. Excludes total fixture replacement.
- C. Plumbing
  - 1. Clear clogged toilets, sinks, building lube bay drains and on-property sewer lines. Clean oil separators and catch basins.
  - 2. Maintain all flush mechanisms and faucets.
  - 3. Drain water lines to prevent freezing.
  - 4. Empty septic tanks as necessary.
- D. Heating/Air Conditioning

Provide seasonal inspection and service for heating and A/C systems (to include: tighten belts, lubricate bearings, clean/adjust furnace burners, add air conditioner refrigerant) and replace air filters. Maintain any window air conditioner units in entirety.
- E. Glasswork

Replace all window and door glass, whenever scratched, cracked or broken from whatever cause. Includes bullet-resistant glass or plastic.
- F. Floors

Restore floors to original condition upon removal of equipment installed by or at request of Lessee, subject to normal wear and tear.
- G. Painting

During the period between scheduled complete repainting by Shell, wash and paint all curbs, yard and building equipment, interior/exterior walls, doors, ceilings and shelving as necessary. Paint to be furnished by Shell; all other painting materials by Lessee.
- H. Tanks
  - 1. Check daily for leakage and water using water-finding paste. Maintain daily inventory control as specified in article 6.3. (Failure by Lessee to monitor tanks daily for contaminants and product loss may expose Lessee to responsibility for lost product and payment of Shell's cleanup or repair costs, or both).
  - 2. Empty waste oil tank, using legally acceptable method of disposal. Obtain and pay for necessary regulatory permits for proper disposal, and maintain document records as required by law.
  - 3. Keep fills and access boxes clear of ice, snow, water and debris.
- I. Pumps/Dispensers
  - 1. Lubricate any gasoline suction pumps in use (where motor and pump are contained in dispenser housing). Lubricate suction pump weekly or per manufacturer's recommendations.
  - 2. Maintain existing gasoline hoses, clamps, retractor cable, nozzles, swivels and colored scuff guards; check daily for visible leaks.
  - 3. Maintain air and water hoses, nozzles, couplings and air chucks.
- J. Air Compressor
  - 1. Drain water daily. Add/change oil, replace air filters and lubricate bearings per manufacturer's specifications.

00094

- K. C-Store/Food Mart and Related Equipment (if located on Premises)
1. Maintain Shell-owned cooler/freezer doors and refrigeration units (walk-in and freestanding), gondolas and all other Shell-owned C-store/food mart related equipment, including lamps, ballasts, fuses and glass therein.
  2. Keep all food handling equipment and food preparation areas clean, sanitary and in compliance with applicable codes and laws.
  3. Keep all equipment drain lines clean and clear.
- L. Car Wash Equipment (if located on Premises)
- Maintain all elements of Shell-owned car wash equipment, including any optional or add-on equipment systems with control and connection hardware, and all elements of any water reclaim system. This excludes complete equipment package replacements.
- M. Other Equipment
1. Maintain all Lessee-owned equipment.
  2. Furnish and maintain portable fire extinguishers.
- N. Miscellaneous
1. Maintain all building locks, keys, door closers and latches.
  2. Maintain all elements of overhead doors, excluding total door replacement.
  3. Reset circuit breakers, replace electrical fuses.
  4. Take all necessary pest control measures.

00095